

## Message Text

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53

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SSO-00 NSCE-00 USIE-00 INRE-00

SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 L-03 H-02 PA-01 PRS-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

LAB-04 SIL-01 AGR-05 CPR-01 SY-05 /096 W

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC IMMEDIATE 780

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E.O. 11652: N/A

TAGS: HO, EINV, OVIP, HO, EAGR

SUBJECT: VISIT OF GOH OFFICIALS TO WASHINGTON

1. CAPTAIN ARMANDO SAN MARTIN, MINISTER OF ECONOMY, HAS INFORMED AMBASSADOR THAT HE AND JORGE BUESO ARIAS, PRESIDENT OF CENTRAL BANK, AND BENJAMIN VILLANUEVA OF BANANA COMMISSION ARE ARRIVING DULLES AIRPORT WASHINGTON AT 2000 HOURS SUNDAY AUGUST 3 ON DELTA FLIGHT 526 FOR TWO DAY STAY IN WASHINGTON. HE REQUESTED EMBASSY'S ASSISTANCE IN ARRANGING APPOINTMENTS WITH ASSISTANT SECRETARY ROGERS AND ARA/CEN DIRECTOR LAZAR FOR PURPOSE OF DISCUSSING TRANSNATIONAL COMPANIES AND RELATED SUBJECTS.

2. INFORMALLY, VILLANUEVA HAS ADVISED ECOM OFFICER THAT THE MOTIVE OF THE VISIT IS TO EXPLAIN GOH INTENTIONS CONCERNING THE EXECUTION OF PORTIONS OF THE BANANA POLICY BACKGROUND OF PROBABLE CANCELLATION OF CONCESSIONS OF THE TWO FRUIT COMPANIES OPERATING HERE. VILLANUEVA STATES THAT GOH DOES NOT AGREE WITH A COMMISSION RECOMMENDATION THAT 51 PERCENT OF THE CORPORATIONS IN HONDURAS SHOULD BE HONDURAN. GOH DOES NOT EXPECT TO ACQUIRE THE RAILROADS OPERATED BY THE TWO COMPANIES

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NOR THEIR DOCK FACILITIES, AND WISHES TO OBTAIN AN OPERATING CONTRACT SO

THAT THESE FACILITIES WILL CONTINUE TO BE MANAGED BY THE RESPECTIVE CORPORATIONS.

3. THE GENERAL GUIDELINES OF THE NEW GOVT APPROACH HAVE BEEN DISCUSSED BY THE GOH WITH THE TWO COMPANIES. NO FORMAL RESPONSE HAS BEEN RECEIVED. LOCAL EXPERT OPINION IS THAT SHIFT FROM CONCESSION TERMS TO OPERATIONS UNDER EXISTING LAWS NEED NOT BE DISADVANTAGEOUS TO THE COMPANIES FINANCIALLY. LEGAL POSITION OF THE TWO COMPANIES, HOWEVER, MIGHT BE SERIOUSLY ALTERED. INITIAL INDICATIONS FROM STANDARD FRUIT GIVEN TO THE GOH WERE THAT IT WOULD "FIGHT", ACCORDING TO VILLANUEVA. UNITED BRANDS STATED "IT MIGHT GO BROKE".

4. THE OBJECTIVE OF THE HONDURAN VISITORS APPARENTLY IS TO OBTAIN USG "SUPPORT" IN DEALING WITH THE COMPANIES. SECONDLY, THEY DO NOT WANT THE PROBLEM WITH THE BANANA COMPANIES TO VIOLATE ANY ACCORDS OR ALTER THE CLIMATE FOR FOREIGN INVESTMENT IN HONDURAS#

5. THERE IS A POSSIBILITY THAT THE GOH DELEGATION WILL ARRANGE DISCUSSIONS WITH UNITED BRANDS AND STANDARD BRANDS DURING THE SHORT VISIT TO WASHINGTON.  
SOWASH

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